

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 SP-02 AID-05 EB-06 NSC-05 RSC-01

CIEP-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

COME-00 FRB-01 INR-07 NSAE-00 XMB-04 OPIC-06 LAB-03

SIL-01 L-02 TAR-01 AGR-10 /088 W

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R 241430Z OCT 74

FM AMEMBASSY LIMA

TO SECSTATE WASHDC 2474

INFO AMEMBASSY BOGOTA

AMEMBASSY BRASILIA

AMEMBASSY BUENOS AIRES

AMEMBASSY CARACAS

AMEMBASSY LA PAZ

AMEMBASSY MONTEVIDEO

AMEMBASSY QUITO

AMEMBASSY SANTIAGO

UNCLAS LIMA 8996

E.O. 11652: N/A

TAGS: ECIN

SUBJECT: ANDEAN PACT: COOPERATION WITH ARGENTINA

REF: LIMA A-157

1. SUMMARY: LOCAL PRESS HAS RECENTLY REPORTED THAT ARGENTINA MAY JOIN ANDEAN PACT AND HAS QUOTED SENIOR GOP OFFICIALS TO THIS EFFECT. THIS IS NOT IN FACT THE CASE. HOWEVER, ANDEAN PACT AND ARGENTINA ARE BEGINNING TO IMPLEMENT PROGRAM OF ANDEAN-ARGENTINE COMMISSION WHICH WAS ESTABLISHED IN NOVEMBER 1972. (TEXT OF COMMISSION WORK PROGRAM AND RELATED DOCUMENTS BEING POUCHED TO ARA/ECP.) OBJECTIVE IS TO STUDY AND PROMOTE POSSIBILITIES OF PROGRESSIVE ECONOMIC COMPLEMENTATION. THERE IS NO DISCUSSION OF ARGENTINE ACTUALLY JOINING ANDEAN
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PACT. END SUMMARY

2. BOTH ARGENTINA AND MEXICO ESTABLISHED MIXED COMMISSIONS WITH ANDEAN PACT IN LATE 1972, BUT ONLY ARGENTINES ARE EFFECTIVELY FOLLOWING THROUGH. IN STATEMENT AT ANDEAN PACT JUNTA ON MAY 27, 1974, ARGENTINE FOREIGN MINISTER ALBERTO VIGNES EMPHASIZED THAT ANDEAN PACT OBJECTIVE OF INCREASING JOINT NEGOTIATING STRENGTH IS ESPECIALLY VALID TODAY WHEN THE HIGHLY INDUSTRIALIZED COUNTRIES ARE PLAGUED BY ECONOMIC PROBLEMS. HE ADDED THAT SUCCESS OF ANDEAN PACT IS OF NATIONAL INTEREST TO ARGENTINA. HE ALSO SAID THAT ALTHOUGH CONDITIONS DO NOT EXIST FOR ESTABLISHMENT OF "LEGAL RELATIONSHIP" (MEANING FORMALLY JOINING ANDEAN PACT), A SPECIAL VINCULATION EXISTS THROUGH ANDEAN-ARGENTINE COMMISSION. THIS ASSOCIATION CAN BE INTENSIFIED.

3. A LARGE ARGENTINE MISSION, INCLUDING PRIVATE AND PUBLIC SECTOR REPRESENTATIVES, VISITED LIMA JUNE 26 AND 27, 1974. A SERIES OF JOINT VENTURE CONTRACTS WERE SIGNED WITH PERUVIAN COUNTERPARTS (SEE REPAIR). AMONG PROJECTS IN OTHER ANDEAN COUNTRIES ARE ELECTRIC CLOCK FACTORY IN ECUADOR AND BOILER FACTORY IN COLOMBIA.

4. NEXT MEETING OF ANDEAN-ARGENTINE WORKING GROUP SCHEDULED FOR NOVEMBER. DEPENDING ON PROGRESS IN THESE DISCUSSIONS, ANDEAN-ARGENTINE COMMISSION MAY BE CALLED INTO SESSION IN EARLY 1975 TO APPROVE SPECIFIC PROJECTS.

5. THREE PENDING POLICY ISSUES, INVOLVING LAFTA, THE ANDEAN PACT AND THE ARGENTINE GOVERNMENT, WILL AFFECT FUTURE TIES BETWEEN THE PACT AND ARGENTINA. FIRST, WITHIN REORGANIZATION OF LAFTA, ARGENTINA WANTS LAFTA COMPLEMENTATION AGREEMENTS TO BE NEGOTIATED WITHOUT MOST-FAVORED-NATION CLAUSE. IN OTHER WORDS, ARGENTINA WANTS TO BE AT LIBERTY TO NEGOTIATE LAFTA COMPLEMENTATION AGREEMENTS WITH ANDEAN BLOC WITHOUT AUTOMATIC RIGHT ON PART OF BRAZIL AND MEXICO TO PARTICIPATE. SECONDLY, ARGENTINA WOULD LIKE CONSULTATION WITH ANDEAN BLOC BEFORE LATTER PUTS ANDEAN SECTORAL PROGRAMS OF INDUSTRIAL DEVELOPMENT INTO FINAL FORM. (COMMENT: ANDEAN PACT MAY AGREE TO INFORMAL CONSULTATIONS, BUT IS UNLIKELY TO PERMIT

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ARGENTINE PARTICIPATION IN NEGOTIATION OF SECTORAL PROGRAMS.) THIRD, A NEW ARGENTINE INVESTMENT LAW IS CURRENTLY UNDER CONSIDERATION. IT WOULD PERMIT ARGENTINES TO INVEST ABROAD IF THIS WOULD ADVANCE ECONOMIC INTEGRATION, IF THE ARGENTINE EQUITY SHARE IN INDIVIDUAL VENTURES REMAINED UNDER 50 PERCENT, AND IF EACH INVESTMENT WAS APPROVED BY THE RESPECTIVE HOST GOVERNMENT.

6. COMMENT: IN THE HIGHLY UNLIKELY EVENT THAT ARGENTINA'S
ADMISSION TO ANDEAN PACT MIGHT EVEN HAVE BEEN CONSIDERED,
ARGENTINA WOULD HAVE HAD TO OFFER EXTENSIVE NON-RECIPROCAL
CONCESSIONS BECAUSE OF ITS HIGHER LEVEL OF DEVELOPMENT.
IT WILL BE OF GREATER ADVANTAGE TO ARGENTINA TO WORK
WITHIN THE INSTITUTIONAL STRUCTURE ESTABLISHED IN THE
ANDEAN-ARGENTINE COMMISSION AND TO WORK OUT COMPLEMENTATION
AGREEMENTS ON A SECTOR-BY-SECTOR BASIS. THE LATTER COULD
INCLUDE SPECIALIZATION IN PRODUCTION AND ELIMINATION OF
TARIFFS ON SEMI-MANUFACTURED COMPONENTS AND POSSIBLY ALSO
ON FINISHED GOODS.
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